

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

A CERTIFICATION OF THE CARRIERS	)	
RECEIVING FEDERAL UNIVERSAL	)	ADMINISTRATIVE
SERVICE HIGH-COST SUPPORT	)	CASE NO. 381

O R D E R

The Commission has entered Orders pursuant to the Federal Communications Commission ("FCC") rules certifying that BellSouth Telecommunications, Inc. ("BellSouth"), Cincinnati Bell Telephone Company ("CBT"), and Verizon South, Inc. ("Verizon"), plan to use their "forward looking" high-cost support for authorized purposes for the calendar years 2000 and 2001.<sup>1</sup> Sections 54.313 and 54.314 require states to ensure that carriers<sup>2</sup> use the federal high-cost support for the provision, maintenance, and upgrading of facilities and services for which the support is intended. Also, states must ensure that federal support is being applied in a manner consistent with Section

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<sup>1</sup> Federal-State Joint Board on Universal Service Ninth Report and Order and Eighteenth Order on Reconsideration ("Ninth Report and Order"), CC Docket Number 99-45; FCC 99-306, released November 2, 1999, Appendix C, Section 54.313 and Administrative Case No. 381 Orders dated March 24, 2000 and September 29, 2000.

<sup>2</sup> Carriers are, in this context, defined as rural and non-rural incumbent local exchange carriers and eligible telecommunications carriers serving lines in the service area of a rural or non-rural incumbent local exchange carrier within their jurisdiction receiving support pursuant to sections 54.309 (Calculation and Distribution of Forward-Looking Support for Non-Rural Carriers), 54.311 (Interim Hold-Harmless Support for Non-Rural Carriers), and 54.314 (State Certification of Support for Rural Carriers). It should be noted that only the incumbent local exchange carriers are eligible in Kentucky at this time.

254 of the Telecommunications Act of 1996.<sup>3</sup> For 2000, only the use of “forward-looking” support was to be certified. Beginning with the federal support for 2001, certification by state commissions is required regardless of whether the support is “forward-looking” or “hold harmless.” On May 23, 2001, the FCC issued an order in CC Docket 96-45 and CC Docket 00-256 that changed the methodology by which rural carriers receive high-cost support. Also, in that order, the FCC required the states to certify that the high-cost support received by rural carriers is consistent with 47 U.S.C. § 254(e).<sup>4</sup> Certification must occur by October 1 prior to the year for which support is rendered.

All carriers eligible to receive support have provided proposals for the Commission to certify the use of the federal universal service support. All carriers propose to use their universal service support to upgrade facilities to ensure rural services are reasonably comparable to urban services and to continue to use their federal support to maintain their current rates as allowed by the FCC.<sup>5</sup> Attached as Exhibit 1 is a schedule of support that each carrier is projected to receive.

The Commission finds that the carriers proposals to use federal support to upgrade facilities and proposals to maintain embedded rates are consistent with the requirements of Congress and the FCC.

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<sup>3</sup> Ninth Report and Order at Paragraphs 93-110.

<sup>4</sup> In the Matter of Federal-State Joint Board on Universal Service Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, Fourteenth Report And Order, Twenty-Second Order On Reconsideration, And Further Notice Of Proposed Rulemaking In CC Docket No. 96-45, And Report And Order In CC Docket No. 00-256; FCC 01- 157, Released May 23, 2001. See generally paragraphs 185-193.

<sup>5</sup> Ninth Report and Order, paragraph 106.

IT IS THEREFORE ORDERED that:

1. The proposals of all of the carriers are hereby certified as complying with the FCC's criteria and, accordingly, these utilities are eligible to receive federal Universal Service Fund support.

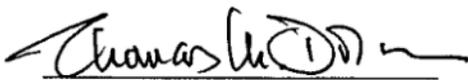
2. A copy of this Order shall be served upon the FCC and the Universal Service Administrative Company to ensure that all carriers receive their 2002 federal high-cost support.

3. By September 1 of each calendar year, all carriers shall file with the Commission their plans for the use of any high-cost federal support.

Done at Frankfort, Kentucky, this 25<sup>th</sup> day of September, 2001.

By the Commission

ATTEST:

  
Executive Director

UNIVERSAL SERVICE FUNDING  
High Cost Fund Support by Study Area  
Fourth Quarter 2001

State	SAC	Study Area Name	Rural	Type	Loops	High Cost Loop		Interstate Access		Long Term Support	
						HCL	Monthly	IAS	Monthly	LTS	Monthly
KY	260396	BALLARD RURAL COOP	R	A	6,914	Y	\$13,537	N	\$0	Y	\$10,87
KY	260398	BRANDENBURG TEL CO	R	A	27,652	N	\$0	N	\$0	Y	\$40,77
KY	260401	DUO COUNTY TEL COOP	R	C	12,635	Y	\$102,770	N	\$0	Y	\$29,60
KY	260402	ALLTEL KENTUCKY	R	C	27,145	Y	\$29,328	N	\$0	Y	\$7,57
KY	260406	FOOTHILLS RURAL COOP	R	C	14,838	Y	\$139,301	N	\$0	Y	\$34,74
KY	260407	GTE SOUTH INC. - KY	N	C	462,554	Y	\$170,018	Y	\$751,141	N	\$
KY	260408	GEARHEART-COALFIELDS	R	A	6,617	N	\$0	N	\$0	Y	\$13,83
KY	260410	GTE SOUTH-KY(CONTEL)	R	C	99,432	Y	\$345,864	Y	\$49,012	N	\$
KY	260411	LESLIE COUNTY TEL CO	R	C	8,884	Y	\$110,606	N	\$0	Y	\$67,22
KY	260412	LEWISPORT TEL CO	R	A	1,485	Y	\$835	N	\$0	Y	\$1,99
KY	260413	LOGAN TEL. COOP. INC	R	A	6,866	Y	\$10,390	N	\$0	Y	\$15,76
KY	260414	MOUNTAIN RURAL COOP	R	A	14,850	N	\$0	N	\$0	Y	\$35,21
KY	260415	PEOPLES RURAL COOP	R	A	8,155	N	\$0	N	\$0	Y	\$19,82
KY	260417	SALEM TEL CO	R	A	2,060	N	\$0	N	\$0	Y	\$4,87
KY	260418	SOUTH CENTRAL RURAL	R	A	27,596	Y	\$4,673	N	\$0	Y	\$70,42
KY	260419	THACKER/GRIGSBY TEL	R	A	7,745	Y	\$9,056	N	\$0	Y	\$18,46
KY	260421	WEST KENTUCKY RURAL	R	A	18,259	Y	\$37,224	N	\$0	Y	\$43,22
KY	265061	CINCINNATI BELL-KY	N	C	202,864	N	\$0	Y	\$39,103	N	\$
KY	265182	SO CENTRAL BELL-KY	N	C	1,260,957	N	\$0	Y	\$298,806	N	\$
TN	290565	HIGHLAND TEL COOP-TN	R	A	24,601	N	\$0	N	\$0	Y	\$57,24
TN	290573	NORTH CENTRAL COOP	R	C	20,583	Y	\$147,194	N	\$0	Y	\$75,47

EXHIBIT 1